# GOVERNMENT OF INDIA
# COMMERCE AND INDUSTRY
# LOK SABHA

STARRED QUESTION NO:23
ANSWERED ON:17.02.2009
EXPORT TARGET
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**Will the Minister of COMMERCE AND INDUSTRY be pleased to state:**

(a) whether India is likely to miss its export target during 2008-09 as reported in the Mint dated 7 January, 2009;

(b) if so, the details thereof and the reasons therefor alongwith its impact on the economy, Sector-wise; and

(c) the corrective steps being taken by the Government in this regard?

## Answer

MINISTER OF COMMERCE AND INDUSTRY (SHRI KAMAL NATH)

a)to c): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF LOK SABHA STARRED QUESTION NO. 23 FOR ANSWER ON 17TH FEBRUARY 2009 REGARDING " EXPORT TARGET"

(a) & (b): While announcing the Annual Supplement to Foreign Trade Policy on 11th April, 2008, the Government fixed an export target of US$200 Billion for the year 2008-09.

On account of subsequent global financial crisis and economic slowdown of developed economies, the target of US$200 Billion is unlikely to be achieved. Effect of global slowdown on India's exports has been more pronounced in sectors viz. Gems & Jewellery, Textiles & Garments, Handicrafts, Automobiles, Leather & Leather products, Marine Products and Plastic & Linoleum etc.; also affecting employment in these sectors.

(c): The Government and the RBI are closely monitoring both the domestic & international economic developments. RBI has taken a number of steps to reduce the cost of credit and to improve liquidity for trade & industry, by reducing Repo rate, Reverse Repo rate, Statutory Liquidity Ratio (SLR), Cash Reserve Ratio (CRR) etc. Some of the steps recently taken by Government to arrest the decline in export growth rate are as given in Annexure.

ANNEXURE

Annexure referred to in Reply to Part (c) of Lok Sabha Starred Question No. 23 for Answer on 17th February, 2009 regarding "Export Target".

Steps taken recently by the Government

(1) Interest subvention of 2% has been extended till 30.9.2009, to the following labour intensive sectors for exports:-

Textiles (including Handlooms), Handicrafts, Leather, Gems & Jewellery, Marine Products and SMEs;

(2) Additional funds of Rs 350 crore provided for export incentive Schemes;

(3) Handicraft items included in Vishesh Krishi and Gram Udyog Yojana (VKGUY);

(4) Rs 1100 crore provided to ensure full refund of claims of CST / Terminal Excise duty / Duty drawback on deemed exports;

(5) Continuation of Duty Entitlement Passbook (DEPB) Scheme upto 31st December, 2009;

(6) Restoration of DEPB rates for all items where they were reduced in November, 2008 and increase in Duty Drawback rates on certain items effective from 1st September, 2008;

(7) Back-up guarantee made available to ECGC to the extent of Rs 350 crore to enable it to provide guarantees for exports to difficult markets / products;

(8) Additional funds of Rs 1400 crore provided for textile sector to clear the backlog claims of TUF;

(9) Export duty on iron ore fines eliminated, and for lumps, reduced to 5%;

(10) Some pending issues relating to Service Tax refund on exportsâ€”resolved;

(11) For Fast Track Resolution of a number of procedural issues thereby reducing delays for the exporters, a Committee has been constituted under the Chairmanship of Finance Secretary including Secretaries of Department of Revenue and Commerce;

(12) Additional plan expenditure of up to Rs 20,000 crore in the current year mainly for critical rural, infrastructure and social security schemes;

(13) Excise duty reduced across the board by 4 per cent for all products except petroleum products and those products where current rate was less than 4%;

(14) IIFCL authorised to raise Rs 40,000 crore via tax-free bonds for refinancing eligible infrastructure projects;

(15) Special package for borrowers of home loans by Public Sector Undertaking Banks;

(16) The guarantee cover under Credit Guarantee Scheme for Micro and Small Enterprises on loans doubled to Rs 1 crore with a guarantee cover of 50%. The guarantee cover extended by Credit Guarantee Fund Trust increased to 85% for credit facility upto Rs. 5 lakh. The lock-in period for such collateral-free loans reduced.

(17) Import duty on naphtha for power sector eliminated;

(18) CVD on TMT bars and structurals and on cement removed;

(19) Exemption from basic customs duty on Zinc and Ferro Alloys withdrawn;

(20) Accelerated depreciation of 50% provided for commercial vehicles to be purchased from January to March, '09;

(21) For financing expenditure by State Governments, States will be allowed to raise in the current financial year additional market borrowings of 0.5% of their gross state domestic product(GSDP) amounting to about Rs. 30,000 crores;

(22) Regular monitoring mechanism:

(a) The situation is being regularly monitored at the highest level of Government, so that immediate further corrective measures, can be taken as may be required. In this regard, the Government has constituted two High Level Committees:

(i) An Apex Group chaired by Prime Minister with Finance Minister, Commerce Minister, Deputy Chairman (Planning Commission), RBI Governor;

(ii) Committee of officers chaired by Cabinet Secretary, including Finance Secretary, Commerce Secretary, Secretary(DIPP), Secretary (Planning Commission)- to meet regularly to look into the suggestions made by Trade and Industry and the respective Administrative Ministries in respect of the current global economic and financial crisis and to recommend action to the Apex Group.

(b) Department of MSME and Department of Financial Services to jointly monitor on the progress of the meetings of Monthly meeting of State level Bankers' Committee for resolution of credit issues of MSME.

(c) Fast Track Monitoring Committee to ensure expeditious approval and implementation of Central Projects.